

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF)	CASE NO.
KENTUCKY, INC. FOR AN ADJUSTMENT)	2016-00162
IN RATES)	

ORDER

This matter arises upon Interstate Gas Supply, Inc.'s ("IGS") Motion to Reconsider Commission's Order Denying Intervention ("Motion to Reconsider"). In its Motion to Reconsider, IGS asserts that the Commission mischaracterized it as a competitor of Columbia Gas of Kentucky, Inc. ("Columbia"), incorrectly determined that IGS's interest in Columbia's natural gas rates was too remote to justify intervention, and went against long-standing Commission precedent.

In the Objection and Response of Columbia Gas of Kentucky, Inc. to Motion of Interstate Gas Supply, Inc. to Reconsider ("Objection and Response"), Columbia requests that the Commission deny IGS's Motion to Reconsider because IGS has raised no new issues supporting its request for intervention and because the Commission's July 21, 2016 Order denying IGS intervention ("Order Denying Intervention") was correct. In Interstate Gas Supply, Inc.'s Reply to the Objection and Response of Columbia Gas ("Reply"), IGS asserts that the "new issue" created by the Order Denying Intervention was the Commission's mischaracterization of IGS as a competitor of Columbia with an interest too remote to justify intervention.

IGS's claimed interest in the "rates" and "services" of Columbia is based on IGS's assertion that its fixed contracts with its transportation customers will be affected by Columbia's proposed changes to the cash-out mechanism and delivery points for transportation customers. Specifically, IGS contends:

IGS cannot quit offering gas supply mid-contract to customers yet failing to grant intervention allows the LDC here [Columbia] to essentially change the parameters of the gas supply provided at the time of the execution of the prior fixed contract. Said another way, denying intervention allows Columbia to change the rules and increase the costs to the gas suppliers despite the gas suppliers being locked into fixed contracts with customers.¹

We find that IGS's private business practices, particularly the terms of its fixed contracts with its customers, are not within the Commission's jurisdiction and certainly do not merit granting IGS intervention in this case. IGS maintains that "when there are tariff changes that increase the cost of serving its customers, IGS will simply have to eat these increased costs, impacting IGS's bottom line."² Yet, IGS cites no authority to suggest that the potential for financial consequences due to its business practice of negotiating fixed contract terms with its customers serves as a basis for granting it intervention.

Furthermore, IGS does not raise a "new issue" by asserting that it, as a gas marketer or supplier, is not a competitor of Columbia. The Commission has previously denied intervention to gas marketers and suppliers such as IGS on grounds that they are competitive suppliers of natural gas, and are not customers of the utility.

¹ IGS's Motion to Reconsider at 4.

² *Id.* at 5.

In particular, in Case No. 2011-00124,³ a transfer of control (merger) case, the Commission denied Stand Energy Corporation's ("Stand Energy") request for intervention on grounds that Stand Energy did not receive electric or natural gas service from Duke Energy Kentucky, Inc. ("Duke Kentucky"), and that Stand Energy is not a customer of Duke Kentucky, but instead is a competitive supplier of retail electric and natural gas. Like IGS, Stand Energy is a gas supplier. In that case, the Commission found that "the only interest that Stand Energy arguably has in the natural gas rates and service of Duke Kentucky is as a competitor, and even that interest is too remote to justify intervention here."⁴ We applied that same rationale, *gleaned from prior precedent*, in denying IGS intervention in this case.⁵

More recently, in Case No. 2012-00136,⁶ a pipeline replacement rider case, the Commission again denied Stand Energy intervention because Stand Energy did not receive natural gas service from Delta Natural Gas Company, Inc. ("Delta"), and is not a customer of Delta, but rather is a competitive supplier of natural gas. Noteworthy in that case, Stand Energy petitioned the Commission for reconsideration for the sole purpose

³ Case No. 2011-00124, *Joint Application of Duke Energy Corporation, Cinergy Corp., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Diamond Acquisition Corporation, and Progress Energy, Inc. for Approval of the Indirect Transfer of Control of Duke Energy Kentucky, Inc.* (Ky. PSC May 12, 2011), Order.

⁴ *Id.* at 4.

⁵ IGS claims that Case No. 2011-00124 should not be relied on as authority since it is distinguishable from the present case in that it was a transfer of control (merger) case and not a base rate case. That distinction is irrelevant for purposes of our analysis here. IGS further asserts that the Commission improperly relied on Case No. 2011-00124 in our Order Denying Intervention; however, nowhere in the Order Denying Intervention is Case No. 2011-00124 mentioned. Any discussion of that case can be found in the Objection and Response of Columbia Gas, Inc. to Motion of Interstate Gas Supply, Inc. to Intervene.

⁶ Case No. 2012-00136, *An Adjustment of the Pipe Replacement Program Rider of Delta Natural Gas Company, Inc.* (Ky. PSC June 25, 2012), Order.

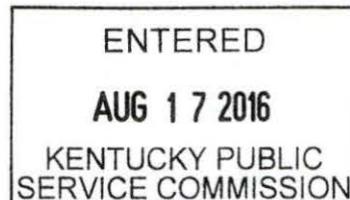
of clarifying what Stand Energy claimed was the Commission's mischaracterization of Stand Energy as a "competitor" of Delta. Upon review, the Commission reaffirmed its Order denying intervention, as well as its finding that, as a gas marketer, Stand Energy was indeed a competitor of Delta.

In the present case, IGS does not provide any authority, either in its Motion to Reconsider or its Reply, in support of its assertion that intervention should be granted. By contrast, Columbia, in its Objection and Response, cites a number of cases in which the Commission has denied intervention to gas marketers such as IGS. Based on a review of the record and being otherwise sufficiently advised, the Commission finds that IGS's Motion to Reconsider should be denied.

IT IS THEREFORE ORDERED that:

1. IGS's Motion to Reconsider is denied.
2. Columbia is not required to respond to any data requests submitted to it by IGS.

By the Commission



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